



RECOMMENDATIONS MADE BY SMALL BUSINESS ADVOCATE RAUL ESPINOSA IN HIS PUBLIC TESTIMONY TO THE SENATE HSGA SUBCOMMITTEE ON FINANCE & MANAGEMENT

Hearing on the Effectiveness of the SBA Programs

*His testimony was made on behalf of a coalition of 14 Advocacy Group
he helped formed to fight government contracting abuse.*

The coalition represents in excess of 50,000 small business owners.

Full text of his testimony is available on this link

<http://acquisition.gov/comp/aap/documents/Fairness%20in%20set%20aside%20Procurement%20Coalition%2003%2023%2006.pdf>

- 1. Get this subcommittee to support the efforts of both Sen. Martinez and Cong. Mica to request both the Government Accountability Office (GAO) and the Air Force Inspector General (IG) to initiate investigations into the Air Force reported abusive contracting practices and the actions by Malmstrom AFB to avoid taking both responsibility and liability for an agreement they signed to settle a previous dispute dating back to 2003.*
- 2. Get the Office of Federal Procurement Policy (OFPP) to consider retracting the suspension of the price evaluation adjustment for DOD for small and disadvantaged businesses to force DOD into addressing the problems raised in the testimony.*
- 3. Get the SBA Office of Government Contracting to overhaul the entire Government Contracting Protest System.*
- 4. Get SBA Government Contracting Office to incorporate the **CARB** initiative into its own protest system to give small businesses a fair settlement avenue when their rights have been abused.*
- 5. Get the Office of Federal Procurement Policy (**OFPP**) to recommend new ethical standards – based on the debarment of violators – to prevent fraud in the government set-aside program.*
- 6. Get the Office of Advocacy to review through a study - with the goal of strengthening - all the references to small and socio-economic businesses on both the FAR and DFAR.*
- 7. Get the SBA Government Contracting Office to strengthen its own CCR database by weeding out unethically 'self-certified small businesses who purposely fail to include their independent contractors, sales force, consultants and affiliates in their current count of employees and, in addition, hide their gross sales – often in the \$20 + million – solely to qualify for set-aside contracts.*
- 8. Get the SBA Office of Government Contracting to incorporate dispute resolution elements, penalties and their enforcement into its proposed 'size standards' revision.*
- 9. Get the SBA to cease making monetary and/or jail threats on its documentation for size standard violations since the agency has no enforcement powers.*
- 10. Get the Office of Advocacy to publish the names of companies a) whose self-certification has been successfully challenged and b) which have received set-aside contracts in spite of the fact that they were not 'small business' by government standards as reported in the Miami Herald investigative report.*
- 11. Get the Office of Advocacy to lobby Congress for new legislation which would make the current references to punishment for the violations of the Small Business Act enforceable.*

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12. Get the OMB Acquisition Advisory Panel to strengthen FAR Part 19 while lowering the preferred status of GSA Contract holders (FAR Part 8) to both open competition and level the playing field in ALL government solicitations.

13. Get the OMB Acquisition Advisory Panel to also consider recommending that ALL existing GSA contracts permit small businesses to purchase commodities from manufacturers on the GSA schedule (for resale to the government) at prices below the GSA schedule without causing a violation of the GSA contracts.

14. Get the Office of Advocacy to take a more active role, coordinating and reporting to both our advocacy community and to Congress the recommendations herewith offered including the incorporation of the **CARB initiative and its principles.**

15. Get the Office of Advocacy to lobby the U.S. Chamber of Commerce (and other similar groups) and through them, all of their respective state groups and chambers, including our own Florida Chamber for the inclusion of 'ethical standards' for their memberships to prevent abuse of small businesses in public contracting.

16. Get the Advocacy Office to lobby and support efforts to implement the Free Universal Access (FUA) initiative on public solicitations and thus prevent unscrupulous IT firms to charge small businesses for their access.

17. Get the OMB Acquisition Advisory Panel to recommend adding 'foreign purchases' to the list of commodities subject to the 'set-aside restrictions.'

18. Get the Advocacy Office to fund a study, which would consider transferring, to private industry governmental programs and services directed toward small businesses which contract with the government. Combining these with other valuable services currently been offered by private industry, would permit these services to become self-supporting at a great saving to taxpayers.

19. Get the the SBA Administrator to appoint an Advisory Committee on Government Procurement which would advice GCBD on ways to implement procurement changes at all government agencies.

20. Get The White House to have its policy making staff hold a meeting with members of the advocacy community and the SBA Administrator aimed at helping the SBA 're-inventing' itself with more adequate support and funding of programs which would be made accountable for their effectiveness

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Links to references on Espinosa's fight against contracting abuse, including his recommendations

Winning a challenge against the Air Force and a Large Company in Federal Court

<http://acquisition.gov/comp/aap/documents/Fairness%20in%20Set-Aside%20Procurement%20Coalition%20102605.pdf>

Contracting Abuse by the U.S. Air Force

<http://acquisition.gov/comp/aap/documents/Raul%20Espinosa%20102605.pdf>

The CARB initiative

<http://acquisition.gov/comp/aap/documents/Raul%20Espinosa%2012%2006%2005.pdf>

For questions or details please contact

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QUOTES FROM PROMINENT SMALL BUSINESS ADVOCATES FOLLOWING RAUL ESPINOSA'S PUBLIC TESTIMONY CALLING FOR A FIGHT TO END CONTRACTING ABUSE

These non-profit groups represent in excess of 100,000 small businesses

"Raul Espinosa's testimony targets the integrity of the government's small business development programs. To continue in the present course, without implementing his recommendations, is to allow large companies to effectively conspire with the government in lynching the type of companies the Small Business Act intends to protect."

Anthony Robinson
President of MBELDEF
www.mbeldef.org

"Opening government procurement to small businesses rests with enhancing their access to the contracts, modernizing the system and simplifying the bidding processes. Government has an obligation to abide by and to enforce its own rules in this arena. Raul Espinosa's testimony has shed light on a contracting system that is in need of both an upgrade and of a lot of reform."

Karen Kerrigan,
President & CEO
Small Business & Entrepreneurship Council
www.sbecouncil.org

"Raul Espinosa's efforts, to incorporate ethical and disciplinary standards in government contracting and to also involve the private sector into taking responsibility for part of the solution, is very commendable. Some of our members have benefited at one point from the contracts targeted for small and disadvantaged businesses, but now they are all ineligible for those contracts. What we want is to stop the fraud and the abuse so that other minority firms can gain access to those same contracts and grow their business."

Roger Campos,
President & CEO
Minority Business Round Table (MBRT)
www.mbrt.net

"Raul's testimony sheds light on the abuses that have been allowed to transpire for decades without any punishment. For small businesses to succeed in government contracting, the government must be held accountable for enforcing its own regulations which it has miserably failed to do."

Lloyd Chapman
President
American Small Business League (ASBL)
www.asbl.com